

November 21, 2013

The Honorable Charles E. Schumer
Chairman
Joint Committee on Printing
305 Russell Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

In accordance with 44 U.S.C. 3903 and the relevant provisions of the Inspector General Act of 1978, as amended, I am transmitting to Congress the Semiannual Report of the Office of the Inspector General (OIG) for the U.S. Government Printing Office (GPO) covering the 6-month period of April 1 through September 30, 2013, along with the following information as required by law.

This letter meets my statutory obligation to provide comments on the OIG's report and highlights management actions taken on the OIG's recommendations, which may relate to more than one reporting period.

General Comments. The OIG continues to provide valuable assistance to management in ensuring the integrity and efficiency of GPO programs and operations, safeguarding taxpayer investments in those programs, and investigating anyone allegedly abusing GPO programs.

As in previous reports, the Management Challenges identified by the OIG correspond to the strategic direction that GPO is following. Beginning with the last report, these challenges include uncertainties related to sequestration and future budgetary caps. By closely monitoring program performance related to the production of work for Federal agencies and managing expenses under the sequester, GPO was able to continue operations throughout the balance of FY 2013 without having to implement employee furloughs, as many other agencies did.

Once again, I appreciate the OIG's discussion of the effect of long-term workers' compensation liability under the Federal Employees Compensation Act (FECA) on GPO's financial management. As I reported in comments on the prior OIG semiannual report, since FY 1996 annual estimates of this liability contributed significantly to the outcomes reported in GPO's annual financial statements, accounting for approximately 45% of the financial losses reported in FY 1995-2004 period, and in two cases—FY 2000 and FY 2009—turning what were reported operating gains into financial losses. For FY 2012, an operating gain of \$5.2 million was reduced by a workers' compensation liability adjustment to \$2.9 million.



To help address the volatility of the annual FECA actuarial liability estimate, GPO will develop a policy that provides consistent application of accounting standards issued by either the Federal Accounting Standards Advisory Board (FASAB) or the Financial Accounting Standards Board (FASB), as the OIG has recommended.

Current and Prior Period Outstanding Recommendations. During the reporting period, the OIG issued 15 audit and investigative reports and memoranda addressing different GPO programs and activities.

The audit reports addressed information technology controls over passport printing and production; an examination of the controls over the Public Key Infrastructure Certification Authority; the application of accounting standards concerning the FECA liability actuarial estimate; the security of a legacy system supporting the print procurement program; and the effectiveness of GPO case management under the Federal Employees Compensation Act.

As noted by the OIG, the audit reports identified funds that could be put to better use in the amount of \$6.4 million (from ensuring that FECA case management files are complete to avert the risk of paying questionable costs for benefits), and made 5 program improvement recommendations. Management generally concurred with the recommendations resulting from these reports.

The OIG also issued reports on investigations involving certain print procurement and other vendors, GPO's parking program, controls over security-enhanced law enforcement credential stock, and other matters.

The OIG's investigative work led to cost efficiencies totaling approximately \$283,000 (the amount of restitution paid by a vendor for health and welfare benefits paid to contract security employees at the GPO facility in Stennis, MS). They also resulted in one arrest (of a print procurement vendor for submitting invoices for which work was not delivered) and other referrals to management for debarment and corrective actions.

I deeply appreciate the efforts of the OIG's audits and investigative staffs to ensure the integrity and efficiency of GPO programs and operations, safeguard taxpayer assets in those programs, and investigate and bring to justice those who abuse the public's trust.

During the reporting period, GPO management closed out 34 OIG recommendations. There are currently 69 open recommendations that GPO management continues working on implementing, including the 31 recommendations on which corrective action has not been completed for over 1 year. Management is also negotiating with the OIG on 2 unresolved recommendations resulting from audit report 12-01.



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Statistical Tables. Statistical tables as required by law are enclosed.

If you need additional information with respect to this report, please do not hesitate to contact Mr. Andrew M. Sherman, GPO's Chief of Staff, on 202-512-1100, or by e-mail at asherman@gpo.gov.

Sincerely,

A handwritten signature in black ink that reads 'Davita Vance-Cooks'. The signature is written in a cursive, flowing style.

DAVITA VANCE-COOKS
Public Printer

Enclosures

cc: The Honorable Gregg Harper, Vice Chairman
The Honorable Tom Udall
The Honorable Mark Warner
The Honorable Pat Roberts
The Honorable Saxby Chambliss
The Honorable Candice Miller
The Honorable Richard Nugent
The Honorable Robert Brady
The Honorable Juan Vargas

ENCLOSURE I

AUDIT REPORTS ISSUED DURING THE REPORTING PERIOD WITH QUESTIONED COSTS, FUNDS PUT TO BETTER USE, AND OTHER MONETARY IMPACT

<u>Report Number</u>	<u>Number of Recommendations</u>	<u>Questioned Costs (\$)</u>	<u>Funds Put to Better Use (\$)</u>	<u>Other Monetary Impact (\$)</u>
13-18	0	0	0	0
13-19	0	0	0	0
13-17	2	0	0	0
13-14	1	0	0	0
13-13	2	0	\$6.4 million	0
13-01	0	0	0	0

ENCLOSURE II

AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE, QUESTIONED COSTS, AND OTHER MONETARY IMPACT

	<u>Number of Reports</u>	<u>Funds Put to Better Use and Other Monetary Impact</u>
Reports for which no management decisions were made by the beginning of the reporting period	0	0
Reports issued during reporting period:	1	
Audit Report No. 13-13		\$6.4 million
Reports for which a management decision was made during the report period:		
1. Dollar value of recommendations not agreed to by management		0
2. Dollar value of recommendations agreed to by management	1	\$6.4 million
Reports for which management decision was made by the end of the reporting period	0	0
Reports for which no management decision was made within 6 months of issuance	0	0